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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of) CC Docket No. 95-116
Telephone Number Portability) RM 8535

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REPLY COMMENTS OF BELL ATLANTIC¹

The vast majority of commenters in this proceeding, including Bell Atlantic, agree on three fundamental points: (1) any long-term number portability solution must be a uniform national solution;² (2) any such solution must not adversely affect existing network functions and services (including call set-up times) or accelerate exhaustion of numbering resources;³ and (3) the preferred long-term solution, if any, should be identified by the industry, not chosen by the Commission.⁴ The significant disagreements among the parties, however, highlight the reasons that the Commission should proceed with caution and not mandate any particular long-term number portability solution pending the outcome of further study by a special industry task force and

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc., Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc., Bell Atlantic-Pennsylvania, Inc., Bell Atlantic-Virginia, Inc., Bell Atlantic-Washington, D.C., Inc., and Bell Atlantic-West Virginia, Inc.

² See, e.g., Comments of Ameritech at 4; Comments of Bell Atlantic at 11; Comments of AdHoc at Appendix A; Comments of Telecommunications Resellers Assoc. at 12-16; Comments of AirTouch Paging and Arch Communications at 8-9.

³ See, e.g., Comments of Bell Atlantic at 9-10, 12; Comments of NYNEX at 6-7; Comments of AT&T at 5-6.

⁴ See, e.g., Comments of BellSouth at 46-53; Comments of SBC at 3, 19-20; Comments of Scherers Communication Group at 3; Comments of PCS PrimeCo at 9-10.

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consideration of their recommendations concerning the issues raised by this proceeding.

I. The Commission Should Not Mandate Development and Implementation of Any Long-Term Portability Solution

The Commission should permit a special industry task force under the auspices of the Alliance for Telecommunications Industry Solutions ("ATIS") to explore in greater depth the technical and business issues surrounding implementation of any long-term number portability solution, and report their recommendations to the Commission within a specified time period.⁵ The record does not contain sufficient data, and Bell Atlantic is not aware that comprehensive data exists, upon which to base a decision to mandate development and implementation of any particular long-term solution at this time.

First, despite the oft-repeated assertion by many commenters that number portability is required in order for effective local telephone competition to develop,⁶ the empirical data in this record does not support that conclusion. The studies cited by MCI, MFS, Pacific Bell and GTE all clearly demonstrate that the ability to keep an existing number is just one of several factors -- including price, features and service quality -- a consumer considers in deciding whether to change service providers. For example, consumers have indicated a willingness to change service providers -- even if they must change their telephone

⁵ See Comments of Bell Atlantic at 19-21.

⁶ See, e.g., Comments of ALTS at 2-3; Comments of MFS at 2-4.

number -- if the monthly service rate is sufficiently attractive.⁷

Moreover, the fact is that local telephone competition is growing despite the current absence of a long-term number portability solution. New local service competitors are now spending millions of dollars to enter local business service markets across the country without true number portability. Since residential customers generally do not have the same concerns about telephone number consistency that business customers do,⁸ lack of number portability is likely to prove even less of a deterrent for residential customers to change service providers. In short, the record lacks convincing proof that consumers require "true" number portability -- the type provided by long-term proposals -- in order to be willing to change service providers.

Second, existing interim number portability options, such as Remote Call Forwarding and Flexible Direct Inward Dialing, allow competitors to offer service today without requiring customers to change their telephone number.

Third, even if consumers were willing to pay for a long-term solution, there is no consensus among the commenters as to

⁷ Comments of Pacific Telesis at 3-6 & Attachment A; Comments of GTE at 3-7.

⁸ Business customers may have certain one-time costs associated with changing letterhead, business cards and advertising that residential customers do not face.

which proposed long-term solution is preferred.⁹ It would therefore be advisable to allow industry technical experts to evaluate each proposed solution, thoroughly and objectively, against performance criteria defined by the Commission, rather than selecting a particular solution now that may prove inadequate.

Fourth, there is no comprehensive evidence concerning the costs of implementing each of the proposed long-term solutions. No detailed description of the current network and operation support system modifications required to support any particular solution is contained in the comments, nor does any filing contain vendor price quotes and anticipated timetables for delivery of the equipment and software upgrades required to effectuate that solution. As a result, it is impossible on this record to estimate accurately either the cost of implementing any particular solution or the timeframe in which that could reasonably be accomplished.

Fifth, while some consumers might find it more convenient to retain their existing telephone number, this record suggests that they are unwilling to pay much to do so. As GTE's survey shows, consumers are willing to pay at most a modest price for number portability.¹⁰ That modest price is unlikely to cover the costs of developing and implementing any of the currently proposed

⁹ See Comments of BellSouth at 27-30 (advocating AT&T solution); GTE at 16-18 (advocating GTE solution); Moreover, at least two new proposals surfaced in these comments, neither of which have been subject to industry analysis and evaluation. See Pacific Bell at 19-21 (advocating "Release to Pivot" solution); ITN at 6-17 (advocating three-stage implementation plan).

¹⁰ Comments of GTE at 5.

long-term solutions. In each case, significant and expensive modifications to existing switches, trunks, operations support systems, signaling networks, and other network equipment and software would be required, as well as creation of entirely new databases and supporting administrative systems. Those costs would undoubtedly be substantial.

Consequently, the Commission should not mandate that the industry implement any long-term number portability solution until and unless the industry reaches agreement on the preferred long-term solution that best meets the required performance criteria, vendors and the industry have quantified the costs of any proposed long-term solution with certainty,¹¹ and a willingness on the part of consumers to pay for that solution has been clearly demonstrated.

Nor should the Commission mandate any particular interim portability solution. Existing interim solutions, such as Remote Call Forwarding, provide adequate means of number portability while the viability, costs and benefits of long-term options are being assessed. Incumbent LECs and new entrants should be allowed to work out the interim arrangements they prefer.¹²

The Commission should reject suggestions to mandate additional new interim solutions in the guise of evolving to a

¹¹ If the long-term solution of choice accelerates number exhaustion, many telephone customers may be required to incur costs associated with an involuntary change in their telephone number due to an area code change.

¹² MFS, for example, endorsed RCF as the preferred interim solution. See Comments of MFS at 14.

long-term solution. For example, AT&T and MCI have suggested layering multiple long-term solutions on the industry in sequential fashion. They suggest that the industry could be required initially to implement MCI's Carrier Portability Code approach, followed by AT&T's Location Routing Number approach.¹³ Similarly, Time Warner suggested adopting either the AT&T or MCI proposal as a "medium term" solution that is "far superior" to existing interim solutions while still not appropriate as a "permanent" solution.¹⁴ Such duplicative, redundant investment in multiple portability solutions would needlessly drive up the costs that must ultimately be recovered from telephone consumers. Given the availability of existing interim portability solutions, such excessive measures are unnecessary and wasteful.¹⁵

II. The Costs of Implementing Number Portability Should Be Borne By Those Who Actually Use and Benefit From It

Many commenters agree that any cost recovery solution should be "competitively neutral"¹⁶ and that those costs should be

¹³ Comments of AT&T at 31-32; Comments of MCI at 10-11.

¹⁴ Comments of Time Warner at 11-17.

¹⁵ Not surprisingly, these same commenters urge cost recovery mechanisms that would ensure that these service providers would not bear the brunt of paying for these extra costs. See Comments of AT&T at 35-36; Comments of MCI at 20; Comments of Time Warner at 21-23.

¹⁶ Comments of AT&T at 35-36; see also Comments of Paging Network at 13.

borne by those who benefit from number portability.¹⁷ For many competitive local service providers, however, these phrases are code for advocating cost recovery policies that would force incumbent LECs' shareholders and the general public to subsidize new providers' entry into the market.

For example, several potential new service providers argue that a competitively neutral solution would require each carrier to pay for the costs of upgrading its own network to accommodate a long-term number portability solution.¹⁸ In reality, that means that incumbent LECs would be forced to absorb the bulk of the costs required to modify their current networks. The new entrants, in contrast, who have few facilities of their own (because they use the incumbent LEC's ubiquitous facilities to serve their customers) would pay none of those costs. In short, incumbent LECs' shareholders would be paying to subsidize their competitors' market entry.

Moreover, some service providers argue that all telephone consumers should pay for the costs of developing and implementing a number portability solution because the option will be available to all consumers.¹⁹ It would no more be appropriate to treat this optional service as a network expense that should be paid for by

¹⁷ See, e.g., Comments of Bell Atlantic at 21; Comments of BellSouth at 55-57; Comments of Cincinnati Bell at 10; Comments of Teleport Communications Group ("TCG") at 13-14; Comments of MFS at 13-14.

¹⁸ See, e.g., Comments of MFS at 13-14; Comments of TCG at 13-14; Comments of Time Warner at 22-23.

¹⁹ See, e.g., Comments of MFS at 13-14.

all consumers than it would have been to require all telephone subscribers to pay the development and provisioning costs associated with 800 number portability.

Even more outrageous is the argument of some commenters that, in order to give the incumbent LECs appropriate "incentives" to implement true long-term portability solutions as quickly as possible, interim portability services, such as Remote Call Forwarding or Flexible Direct Inward Dialing, should be provided to CAPs at or below incremental cost -- even for free.²⁰ Such punitive measures would not only unfairly force incumbent telephone companies to subsidize their competitors' market entry, but are also grossly inappropriate in this context where many of the steps required to meet any deployment timetable are likely to be outside of the incumbent LEC's control. For example, implementation of any long-term solution is likely to require extensive hardware and software upgrades by third party vendors -- not the LECs. Moreover, if the chosen solution involves the collective efforts of all carriers nationwide to create new databases and a national

service management system administered by a neutral third party,²¹ it would be particularly inappropriate to enforce punitive measures against a particular carrier for collective failure to meet the desired deadline.

Finally, Bell Atlantic agrees that any costs associated with implementation of a long-term number portability solution should be subject to exogenous cost treatment under the Commission's price cap rules.²²

²¹ Several commenters have referred to the need for a neutral "database" administrator. It appears that these parties are actually referring to the need for a neutral third party to administer the service management system ("SMS") and to download the updated number portability information to regional or local proprietary databases owned and operated by carriers. That is similar to how the 800 database system works now and, in concept, a similar approach here is unobjectionable. By contrast, third party ownership and operation of the actual databases, as opposed to the SMS, would be unworkable and should not be considered. If the third party failed to properly operate and maintain the databases, Bell Atlantic and other carriers would be unable to query, route and deliver calls for their customers. Responsibility for network reliability and performance must remain with carriers, not transferred to a third party.

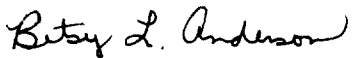
²² See, e.g., Comments of Bell Atlantic at 21; Comments of BellSouth at 55-57; Comments of NYNEX at 22-23.

Conclusion

After defining broadly the criteria any long-term number portability solution, if any, must meet, the Commission should defer further action in this docket pending the report and recommendation of a special industry task force concerning the issues raised in the Commission's notice.

Respectfully submitted,

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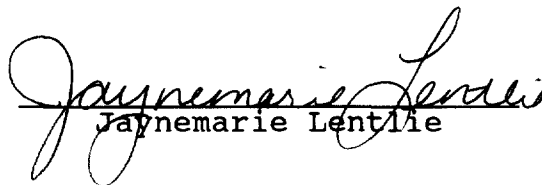
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Dated: October 12, 1995

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Reply Comments of Bell Atlantic" was served this 12th day of October, 1995 by first class mail, postage prepaid, on the parties on the attached list.


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